

Message Text

PAGE 01 STATE 160373

42

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EUR/CE - MR. CASAGRANDE

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FM SECSTATE WASHDC

TO AMEMBASSY BONN

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E.O. 11652:N/A

TAGS: EAIR, GW

SUBJECT: CIVAIR: SWB HIGH WEIGHT BREAK CARGO RATES

1. EMBASSY IS REQUESTED TRANSMIT TO APPROPRIATE FRG AUTHORITIES TEXT, WHICH FOLLOWS, OF DEPARTMENT NOTE TO FRG EMBASSY REGARDING SEABOARD HIGH WEIGHT BREAK CARGO RATES. DEPARTMENT NOTE IS IN RESPONSE TO FRG EMBASSY NOTE INDICATING THAT FMT HAS DISAPPROVED SEABOARD HIGH WEIGHT BREAK FILINGS. (FYI: CAB STAFF INDICATE BOARD MAY RECOMMEND CONSULTATIONS IF FRG DOES NOT PERMIT SEABOARD 34,000 KILO AND 42,500 KILO WEIGHT BREAKS TO CONTINUE.)

2. BEGIN TEXT:

"THE DEPARTMENT OF STATE ACKNOWLEDGES RECEIPT OF THE NOTE DATED JUNE 25, 1975 FROM THE EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY, ADVISING THE DEPARTMENT PURSUANT TO THE PROVI-
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PAGE 02 STATE 160373

SIONS OF THE BILATERAL AIR TRANSPORT AGREEMENT, THAT THE GERMAN MINISTRY OF TRANSPORTATION HAS NOT APPROVED THE APPLICATION OF SEABOARD WORLD AIRLINES TO CONTINUE THE EFFECTIVE RATES FOR SHIPMENTS OF 34,000 KGS. AND 42,500 KGS.

FROM THE UNITED STATES TO THE FEDERAL REPUBLIC OF GERMANY.

"IN LIGHT OF THE FOLLOWING THE UNITED STATES AERONAUTICAL AUTHORITIES ARE CONCERNED WITH THE DECISION OF THE GERMAN MINISTRY OF TRANSPORTATION AND WOULD APPRECIATE FURTHER INFORMATION REGARDING THE BASIS FOR THAT DECISION.

"THE RATES IN QUESTION COVER HIGH WEIGHT, FREIGHT-ALL-KINDS SHIPMENTS, CONTAINERIZED, FROM THE UNITED STATES TO GERMANY. THE RATES FIRST BECAME EFFECTIVE ON MARCH 6, 1975 AND WERE FILED JOINTLY BY SEABOARD AND LUFTHANSA, PRESUMABLY WITH THE APPROVAL OF THE GERMAN AUTHORITIES. FOLLOWING THESE INITIAL FILINGS, THE RATES WERE INCREASED, AGAIN WITH THE PERMISSION OF BOTH GOVERNMENTS. THEREFORE, THE UNITED STATES AUTHORITIES ARE UNABLE TO UNDERSTAND THE MINISTRY'S FAILURE TO PERMIT AN EXTENSION OF THE RATES PROPOSED BY BOTH CARRIERS FOLLOWING A VERY BRIEF INITIAL PERIOD OF EFFECTIVENESS, AND AN INCREASE FROM THEIR INITIAL LEVEL.

"THE UNITED STATES AUTHORITIES RECOGNIZE THAT THE RATES IN QUESTION ARE NOT PART OF THE NEW IATA CARGO RATE AGREEMENT RECENTLY CONCLUDED BUT NOT YET ACTED UPON BY GOVERNMENTS. IT SHOULD BE POINTED OUT, HOWEVER, THAT A PRELIMINARY EXAMINATION OF THE IATA AGREEMENT LEADS TO THE CONCLUSION THAT THE IATA AGREEMENT DOES NOT APPEAR TO BE RESPONSIVE TO THE LARGE VOLUME SHIPMENT NEEDS OF THE SHIPPING PUBLIC NOR DOES IT APPEAR TO SATISFY THE REQUIREMENTS OF THE MAJOR CARGO CARRIERS, ESPECIALLY THOSE OPERATING B-747 FREIGHTER AIRCRAFT. IT MIGHT BE RECALLED THAT IN ITS PRE-NICE CARGO CONFERENCE STATEMENT OF POLICY, THE UNITED STATES CIVIL AERONAUTICS BOARD CALLED UPON THE CARRIERS TO PRODUCE A REVISED CARGO-RATE STRUCTURE INCLUDING HIGH WEIGHT BREAK RATES CONSISTENT WITH COST.

"IT IS THE DEPARTMENT'S VIEW THAT, ALTHOUGH THE LEVEL
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PAGE 03 STATE 160373

OF THE RATES IS CURRENTLY THE SUBJECT OF A FORMAL INVESTIGATION BY THE U.S. CIVIL AERONAUTICS BOARD, THE AVAILABILITY OF HIGH VOLUME, FREIGHT-ALL-KINDS RATES FOR SHIPMENTS TENDERED IN CONTAINERS IS NEVERTHELESS HIGHLY DESIRABLE IF CARGO GROWTH IN THE NORTH ATLANTIC IS TO BE RESTORED AND SCHEDULED FREIGHTER SERVICES VIABLY MAINTAINED. IT IS ALSO THE DEPARTMENT'S VIEW THAT SUCH RATES ARE REQUIRED TO ENSURE PROPER AND EFFICIENT UTILIZATION OF THE NEW GENERATION OF WIDE-BODIED, ALL-CARGO AIRCRAFT PROVIDING FREIGHTER SERVICE.

"FINALLY, THE DEPARTMENT BELIEVES THAT SUCH RATES SHOULD

BE GIVEN A REASONABLE OPPORTUNITY FOR A TEST IN THE
MARKET PLACE AND SHOULD CONTINUE TO REMAIN IN EFFECT AS
A PART OF THE U.S.-GERMANY RATE STRUCTURE. THE DEPARTMENT
RECOMMENDS THEREFORE, THAT SINCE THE CIVIL AERONAUTICS
BOARD HAS NOT APPROVED THE NEW IATA RATE AGREEMENT THE
STATUS QUO SHOULD CONTINUE PENDING A DECISION IN CONNEC-
TION WITH THE CIVIL AERONAUTICS BOARD INVESTIGATION OF
CARGO RATES.

"DEPARTMENT OF STATE,
"WASHINGTON," KISSINGER

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